Black Money

2543. SHRI H.K. JAVARE GOWDA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that black money of about one million crore is seriously influencing the economy of the country as reported in Samaj (Oriya) dated the 6th June, 2001;

(b) whether the present tax administration would be able to unearth the existence of black money; and

(c) if so, what are the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) According to a study made at the instance of this Ministry, by the National Institute of Public Finance and Policy (NIPFP) in 1983-84, the estimated undisclosed money was between Rs. 31584 crores and Rs. 36786 crores. No subsequent study has been conducted at the instance of this Ministry. As per the above study, the existence of black money results in misinformation about the actual state of the economy, loss of revenue, adverse implication for resource allocation, income distribution and monetary policy, etc.

(b) and (c) Necessary legislative, fiscal and administrative measures are continuously taken to unearth black money and to prevent the generation thereof. Rates of taxation have been progressively rationalized. Various provisions in the Income Tax Act; like compulsory maintenance/audit of accounts in appropriate cases under sections 44AA/44AB, restrictions on cash transactions under sections 40A(3), 269SS, 269T, premptive purchase of properties and penalites/ prosecutions for punishing tax defaulters, are aimed at preventing generation and flow of black money. Searches and surveys in appropriate cases are continuously undertaken to unearth the black money. General information is also gathered by the Central Information Branches of the Income Tax Department about various financial transactions. Simplifications of procedures for filing returns and for making payment of taxes are also directed towards greater compliance by the tax payers, which will be an anti-dote to tax evasion.

Opening of petrol/gas agencies in Madhya Pradesh

†2544. SHRI BALKAVI BAIRAGI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

†Original notice of the question was received in Hindi.